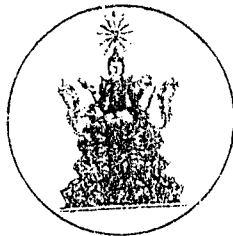


ROYAL GOVERNMENT OF
CAMBODIA

MINISTRY OF INTERIOR



KINGDOM OF CAMBODIA

NATION RELIGION KING

31 MARCH 2006

ADDRESS

BY

HIS EXCELLENCY MR. PRUM SOKHA SECRETARY OF STATE
OF INTERIOR OF THE ROYAL GOVERNMENT OF CAMBODIA

AT THE SIGNING CEREMONY
MEMORANDUM OF UNDERSTANDING
FOR
IMPLEMENTATION OF THE
LOCAL ADMINISTRATION AND REFORM (LAAR) PROGRAM
BETWEEN
THE MINISTRY OF INTERIOR
AND
THE UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

Excellencies, Ladies and Gentlemen,

In June 2005 the Royal Government adopted the Strategic Framework on Decentralization and Deconcentration. This major policy document proposes the restructuring and reformation of all the current levels of sub-national administration. These levels consist of provinces, municipalities, districts, khans, communes and sangkats. The essential purpose of this restructuring and reformation is to establish, promote and sustain democratic development at all of these sub-national levels.

Democratic development implies having elected councils that will consider their local needs; make their local choices; select their local priority services and infrastructure; implement their local decisions and be accountable to their local residents.

The underlying needs and objectives are to ensure that governmental functions and duties are carried out as close as possible to the people who are affected, and to encourage local participation, choice and accountability.

In order to allow this kind of democratic development to happen in a sustainable way, four things are necessary: first, appropriate government functions, and duties must be transferred from central government institutions to the appropriate sub-national councils, wherever those activities can best be decided and carried out locally. Second, these councils must either be given, or be empowered to get, the corresponding resources to carry out these new responsibilities: including appropriate capacity development, and the necessary fiscal, human and material resources. Third, the political culture and environment must encourage local participation, responsiveness, accountability and

transparency. Fourth, a competent implementation authority must guide and to oversee the proper implementation of these matters.

Democratic development emphasizes local participation, knowledge, discretion, capacity and energy. Democratic development therefore implies some diversity of practice, rather than uniformity. This diversity also promises far greater rewards and progress in terms of sustainable growth and poverty reduction.

The total process of this sub-national reformation and national adjustment is extremely comprehensive, complex and sensitive. It will have to be phased, implemented and protected over quite a substantial period of time. In addition, it is inherently dynamic. This requires a high degree of flexibility and adaptability.

The Royal Government of Cambodia, therefore, trusts and anticipates that the international community will contribute strongly towards the promotion and establishment of sub-national democratic development with even greater and more effective understanding and support.

The Local Administration and Reform (LAAR) Program is specifically designed to support democratic sub-national governance and decentralization, and will focus initially on increasing commune council and citizen engagement in decentralization and deconcentration. The program will not only facilitate and encourage participatory democratic practices at local levels, but also encourage positive and constructive central-local government relations. The program and government policy are closely complementary and supplementary.

I therefore wish to express my deep appreciation and enthusiasm to the Government of the United States and to the United States Agency for International Development (USAID), for their generous and constructive support for democratic development in Cambodia through the LAAR program. The Memorandum of Understanding between the Ministry of Interior and the United States Agency for International Development that we will enter into this afternoon is clearly an outstanding example of focused partnership and co-operation.

I should also like to extend my good wishes and support to PACT as the implementation agency for the program. PACT has a well-established history of constructive work in Cambodia. Close liaison between PACT and the Ministry of Interior will be fundamental to the success of the program, especially in these times of fundamental institutional change.

In closing I wish to refer to the Memorandum of Understanding (Annex A in the last paragraph on page 1). You will see the MOU says that this is "a *first step* in augmenting ... support to decentralization..." I have every reason to believe that as we join hands and go forward together there will be many, many more steps; and am confident that these steps will soon become mutual leaps and bounds!!

Thank you all.